

October 11, 2022

Dexter Board of Education
Finance Committee

This letter is in response a request from the finance committee at our annual pre-audit meeting held July 25th at the District's administrative offices. The request was to provide information and insight as to the District's financial reporting practices and how those practices compare to requirements of the Michigan Department of Education (MDE) and other school districts to which Rehmann provides auditing and consulting services. The following are our observations:

MDE Requirements

1. By November 1 of each year, the District is required to submit an independent audit of its financial records. Included in that filing with MDE are:
 - a. The opinion of the independent auditor on the District's financial reporting, its compliance with applicable laws and regulations, its internal control over compliance with requirements of its major federal programs and it's compliance with the specific program requirements of its major federal programs. We do not anticipate any matters that would need to be reported related to internal controls or compliance.
 - b. The independent auditors' communication with those charged with governance.
 - i. Amongst other things, this letter describes any difficulties in dealing with management related to the performance of the audit. We have never had any difficulties dealing with management.
 - ii. Uncorrected and corrected financial misstatements identified during the audit. We have not proposed any adjustments to the District's financial records due to error or lack of accuracy.
 - iii. Disagreements with management in relation to matters concerning a financial accounting, reporting, or auditing matter which could be significant to the District's financial statements or the auditors' report. We have had no such disagreements.
2. Section 18(2) of the Public Act 94 of 1979 (the State Aid Act) – requires specific elements of financial and other information to be posted the District's website. This is more commonly known as the Annual Budget & Transparency Reporting provisions. The District is following the requirements of the applicable state statutes and the required timing of the posting of certain of those requirements.

Other District Financial and Transparency Reporting

1. On the Board of Education's portion of the District's website Board meeting agendas and meeting packets are posted in advance of meetings of the Board. Our experience is that while most Districts post their meeting agendas, far fewer post the documents (meeting packet info) that will be presented and discussed at the meeting. By posting the full meeting packets, constituents can review the items to be discussed in advance and provide input during the public comment period of each Board meeting.

2. The finance department provides a monthly finance report to the Board, and it is included in the full meeting packets. Our experience is that while most districts provide some level of financial reporting, it happens less than monthly and usually only provides information on the general fund. The Dexter finance department's monthly financial reporting includes all funds that are required to have a legally adopted budget.

Commitment to Excellence and Integrity

1. The District's finance department is committed to excellence through continuing education opportunities, cross-training of department staff members and participation in local and state school district organizations along with positions of leadership in those key organizations.
 - a. The CFO is a board member of the Michigan School Business Officials Association. This is the pre-eminent organization for school finance officials. This group works directly with MDE and legislators to provide input and information on the impact of legislative efforts and school funding.
 - b. The CFO is a member of the referent group that assists MDE with the content and practical application of the Michigan Public School Accounting Manual.
2. The Board's budget process is rather unique. The Board agrees to an operating budget that includes the strategic initiatives that have been agreed to for the school year and the budget is only amended when necessary to comply with the Michigan Budgeting Act for any area that may be in an overspent situation. This preserves valuable data which provides for more accurate development of future budgets.

The June 30, 2022, audit report is in its final stages of review and will be issued in the next week. The results of that audit are expected to provide another favorable report and outcome.

Best regards,

Rehmann Robson LLC

A handwritten signature in black ink that reads "Kim H. Lindsay". The signature is written in a cursive style with a large, stylized initial "K".

Kim Lindsay, CPA, CGMA
Public Sector Principal